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Chair: Mr. Rosenthal ..... (Guatemala)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Kelapile

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The meeting was called to order at 10.15 a.m.

Organization of work (A/C.5/65/L.30)

1. **The Chair** drew attention to the proposed tentative and provisional programme of work of the Committee for the second part of the resumed sixty-fifth session, prepared on the basis of the note by the Secretariat on the status of preparedness of documentation (A/C.5/65/L.30). The Bureau proposed that the Committee should adopt the tentative programme of work for the first week, on the understanding that the programme for the remaining weeks would be adjusted as necessary in the course of the session.

2. **Ms. Melon** (Argentina), speaking on behalf of the Group of 77 and China, said that the Group was convinced that the Committee would bring its deliberations to a successful conclusion by the scheduled completion date, despite its demanding workload. Adequate time should be allocated to the consideration of all items on the Committee's agenda. The Group expected that, in accordance with past practice, and as indicated by the Chair, the programme of work would be reviewed and amended after the first week, as required.

3. The length of time that had elapsed since the last review of troop cost reimbursements, in 1992, and the subsequent ad hoc increase in 2002 was a matter of serious concern to the Group. The General Assembly should approve an ad hoc increase in troop cost reimbursements during the current part of the resumed session in order to alleviate the financial burden on troop-contributing countries arising from inflation factors. The current situation posed a serious threat to the sustainability of those countries' participation in peacekeeping operations.

4. The Group reiterated the importance of receiving all relevant documentation in a timely manner, in order to allow for analysis and assessment by delegations. It acknowledged the efforts made by the Secretariat and other relevant bodies to ensure the availability of most of the required documentation before the start of the session.

5. **Mr. Körösi** (Hungary), speaking on behalf of the European Union; the candidate countries Croatia, Montenegro and the former Yugoslav Republic of Macedonia; the stabilization and association process countries Albania, Bosnia and Herzegovina and Serbia; and, in addition, Georgia, Liechtenstein and the Republic of Moldova, said that the European Union was confident that all Member States would demonstrate the same flexibility in the second part of the resumed session as they had during the first part, so that the Committee could conclude its work within the scheduled time frame.

6. The European Union commended the hard work and commitment of all United Nations personnel involved in peacekeeping activities and paid tribute to those who had lost their lives while serving as United Nations peacekeepers. Peacekeeping remained an important priority for the European Union and it was committed to providing the necessary resources for peacekeeping missions to fulfil their mandates. At the same time, given the financial constraints facing all Member States, strict budgetary discipline was needed to ensure that all resources requested were truly required and were used effectively, efficiently and transparently. While the European Union was aware that some troop-contributing countries were calling for an ad hoc increase in troop cost reimbursements, it was not convinced that it was advisable to depart from the process established by the General Assembly in its resolution 63/285.

7. The European Union continued to strongly support the implementation of the global field support strategy. The Secretariat should work to ensure that the strategy led to economies of scale and savings, as well as to strengthened accountability and improved service delivery on a global and regional basis, thereby facilitating more rapid and effective deployment of missions. As the strategy continued to be developed, a fuller picture of its impact and achievements would be needed. With regard to closed peacekeeping missions, it was regrettable that the cash surpluses of $230.7 million available for credit to Member States had not yet been returned in full to Member States, in line with the Financial Regulations and Rules of the United Nations.

8. Lastly, the European Union stressed the importance of the timely issuance and translation of documents into all official languages before the beginning of the session. While the Secretariat and the Advisory Committee had achieved welcome improvements in that regard, it was regrettable that some documents were still not available at the start of the second part of the resumed session.

9. **Mr. Coffi** (Côte d'Ivoire), speaking on behalf of the Group of African States, said that the Group commended the Advisory Committee for having issued all its reports before the start of the current part of the resumed session. It was the first time in at least five years that that had been achieved.

10. The increase in the number of peacekeeping operations and peacekeepers, and in the level of peacekeeping budgets, was a clear indication that those operations were vital for regions, including Africa, that were affected by conflicts or in post-conflict situations. The Group therefore attached great importance to the allocation of the right budget to each peacekeeping operation under consideration.

11. **Mr. Sugiura** (Japan) said that, while his delegation noted with appreciation the improvement in the status of preparedness of documentation, it requested that the Secretariat should submit its revised estimates in respect of special political missions without delay and also that the Advisory Committee should submit its report on the issue in a timely manner, so that the current session could be concluded by the scheduled date.

12. His delegation reiterated its strong commitment to United Nations peacekeeping and paid tribute to those who had lost their lives while serving as peacekeepers. It shared the Secretariat's view that United Nations peacekeeping was now in a period of consolidation. It also concurred with the Advisory Committee that such consolidation could lead to a reduction in resource requirements and that the more stable level of peacekeeping activity should allow for an intensified focus on the implementation of mandates in a more effective and cost-efficient manner. In that connection, it looked forward to receiving an update on the progress made in the implementation of the global field support strategy.

13. It was to be hoped that the improved conditions of service now applicable to staff serving in peacekeeping operations, following the adoption of General Assembly resolution 65/248, would attract more competent people and lead to lower vacancy rates. He invited the Secretariat to explain its efforts to achieve savings and efficiency gains, including in relation to the global field support strategy and the absorption within existing resources of the additional costs related to arrangements for the harmonization of conditions of service pursuant to General Assembly resolution 65/248.

14. With regard to closed peacekeeping missions, the length of time that had elapsed since cash surpluses available for credit to Member States had been returned to Member States was a matter of concern. Delegations should strive to reach a consensus on that issue during the current session.

15. Lastly, the Committee itself should work effectively and efficiently to ensure that the session was concluded within the scheduled time frame. An undisciplined extension of the Committee's deliberations could affect the implementation of the mandated programmes and activities of the United Nations.

16. **Mr. Torsella** (United States of America) said that peacekeeping was at the heart of the Organization's role in the world. The Committee had an obligation to honour the sacrifice and service of United Nations peacekeepers by ensuring that adequate resources were made available for them to carry out their tasks safely and effectively, and that all the funds entrusted by Member States to the Organization's peacekeeping operations were spent wisely and well. Although those goals were sometimes presented as conflicting, his delegation believed firmly that they were not. If a balanced and strategic approach was adopted, they were in fact complementary and mutually reinforcing. The financial constraints facing Governments in the current global economic climate were another reason for seeking efficiencies, a task that was made more challenging by the size of peacekeeping budgets and the growing breadth of peacekeeping mandates. His delegation had been encouraged by the Secretary-General's recent efforts to improve budgetary discipline under the regular budget and looked forward to seeing similar discipline in respect of peacekeeping budgets. The trend towards fiscally responsible and realistic budgets should be continued and further efficiencies should be identified in ongoing operations. In that regard, his delegation noted with satisfaction that requirements relating to the harmonization of conditions of service were to be met within existing resources. Should the General Assembly adopt the recommendations of the Working Group on Contingent-Owned Equipment, those requirements would also need to be met within existing peacekeeping budgets.

17. His delegation commended the Under-Secretary-General for Field Support and her staff at Headquarters and in the field for their work in implementing the global field support strategy. A solid foundation was being laid for the establishment of all the integrated components of the strategy, with the continued support of Member States, and for the achievement of its core objectives.

18. His delegation, noting that requirements for air operations for the 2011/12 period were again expected to exceed $1 billion, emphasized the absolute necessity of ensuring the safest possible air movement for all United Nations personnel. It welcomed the efficiencies that were being achieved, without compromising safety, through the establishment of the Transportation and Movements Integrated Control Centre at the Regional Service Centre at Entebbe and through improved fuel efficiency, now a principal objective of the Strategic Air Operations Centre at Brindisi. It looked forward to the identification of further cost-control measures.

19. Lastly, the policy of zero tolerance of sexual exploitation and abuse in peacekeeping must be fully enforced. While the steps taken to implement the Organization's comprehensive package of reforms to prevent such acts, enforce United Nations standards of conduct and address the needs of victims were encouraging, and the overall number of allegations of such misconduct had decreased, his delegation remained extremely concerned at the continued allegations of the most deplorable and shocking acts. All cases of misconduct must be investigated, and those found guilty must be punished without delay in accordance with due process of law. Follow-up, including reporting on actions taken at the national level, should also be performed in a timely manner.

20. **Mr. Yarovyi** (Ukraine) said that the Committee's consideration of the administrative and budgetary aspects of United Nations peacekeeping at the current session was essential for the further development of the Organization. With United Nations peacekeeping now entering a consolidation phase after a period of strong development, efforts should be made to implement qualitative rather than quantitative changes and, in particular, to resolve the outstanding issues that had become evident.

21. His delegation was committed to ensuring the fulfilment of financial obligations to peacekeeping missions and concurred with other delegations regarding the importance of strict budgetary discipline for the transparent and efficient use of resources. At the same time, a balance must be struck between ensuring the general functioning of the United Nations and adequately financing its peacekeeping activities. For that reason, his delegation, within the framework of the 2011 Working Group on Contingent-Owned Equipment, had proposed an increase in troop cost reimbursement rates. It hoped that the Committee would give careful consideration to its proposal, the implementation of which should fill major gaps in peacekeeping, especially in the area of helicopter units and personnel.

22. **Ms. Pakarati** (Chile) said that her Government attached particular importance to the United Nations Stabilization Mission in Haiti (MINUSTAH) and had contributed troops, police and equipment to the Mission in order to help the people of Haiti achieve peace and sustainable development. MINUSTAH should be provided with the resources it required to remain in Haiti for as long as necessary, in line with the priorities of the Haitian Government and people.

23. Her delegation also attached great importance to cross-cutting issues. While welcome progress had been made in the approval of reimbursements to Member States, there was still room for improvement. Bearing in mind that reimbursements should be made in a timely and efficient manner, the Secretariat should continue to seek practical ways to address the issue and give equal treatment to all missions.

24. It was a matter of concern that the current rates of reimbursement offered to Member States might seriously affect the availability of human and material resources from troop-contributing countries, especially developing countries. Her delegation had participated actively in the 2011 Working Group on Contingent-Owned Equipment with a view to remedying that situation. In that connection, it welcomed the consensus reached by the Working Group on revised reimbursement rates for major equipment, self-sustainment and medical support services, though it regretted that the Group had not agreed on a substantial increase. The Working Group's recommendations fell short of her delegation's expectations, since ongoing inflation had placed an unprecedented financial burden on all troop-contributing countries. Consideration should be given, as an interim measure, to increasing the reimbursement of troop costs, in order to

compensate troop-contributing countries for the effects of inflation over the last decade.

25. In view of the current scope of United Nations peacekeeping operations and their central role in the maintenance of international peace and security, it was essential to continue to strengthen their operational capacity and organizational structure. The financing of each mission should therefore be analysed on its own merits.

26. Her delegation attached great importance to the global field support strategy, which could improve the efficiency and effectiveness of the Organization's peacekeeping operations. It would engage in constructive dialogue with other delegations in order to ensure the highest quality and effectiveness of the services provided to contingents on the ground. Lastly, she stressed the importance of the timely issuance of documentation. Late issuance and excessive length of reports undermined delegations' ability to analyse them in depth. It was also important to conclude the session by the scheduled date.

27. **Ms. Silveira** (Uruguay) said that developing countries made a huge effort to support the Organization by contributing human and material resources. Uruguay itself provided 2,450 military and police personnel for United Nations peacekeeping operations, which, together with replacement personnel, represented some 20 per cent of its total troop and police strength. Collective responsibility for maintaining international peace and security should be demonstrated not only in the Security Council or in General Assembly debates but also in the relevant budgetary and financial bodies, if the peacekeeping system was to continue to operate.

28. As the last review of troop cost reimbursements had taken place in 1992 and the subsequent ad hoc increase had been effected in 2002, her delegation considered that a new ad hoc increase should be approved, without prejudice to the review currently under way pursuant to General Assembly resolution 63/285, with a view to the continued participation of troops from Uruguay and from many other countries that were encountering difficulties in sending troops to increasingly dangerous missions with broad and complex mandates. Uruguayan troops no longer had any incentive to participate in peacekeeping operations and Uruguay had been forced to extend the tours of duty of its contingents in the various missions from six to nine months, since it had insufficient personnel for rotations. It had been obliged to withdraw an aircraft from MINUSTAH, owing to its inability to replace the necessary pilots and mechanics, and had also withdrawn one of the two naval units allocated to the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO). That was an extremely sad and worrying situation for Uruguay, which maintained its commitment to international peace and security and wished to continue contributing to peacekeeping operations, having done so throughout the history of United Nations peacekeeping.

29. Uruguay reiterated its request for payment of the $916,000 still owed to it by the Organization in respect of the United Nations Transitional Authority in Cambodia (UNTAC), closed in 1993. It had only received two partial payments of $60,000 each in respect of that mission, in 2008. It was deeply regrettable that the Organization should have owed money for so many years to those Member States that were most committed to peacekeeping, namely the troop-contributing countries. The cost of war was much greater than the cost of peacekeeping, not to mention the unquantifiable cost in human lives. While the current international financial climate clearly imposed certain constraints, there was a minimum level of flexibility below which the very survival of the system would start to be affected.

30. **Mr. González Segura** (Mexico) said that the success of peacekeeping operations was dependent on the establishment of clear, credible and viable mandates and the availability of sufficient material, military, police and civilian resources. As United Nations peacekeeping was now in a period of consolidation, it was logical that the estimated resource requirements for the period 2011/12 should be lower than those for the previous period. However, at a time of fiscal constraints, ongoing efforts were needed to make more efficient use of resources. His delegation therefore called on the Secretary-General to seek efficiencies in the implementation of the peacekeeping budgets consistent with the efforts already made in the context of the regular budget, without impairing their operational capacity to fully meet their respective mandates.

31. His delegation hoped that the Committee would quickly reach an agreement to provide MINUSTAH with the necessary resources to continue supporting the

Haitian Government and people. Regarding cross-cutting issues, it had taken note of the progress made in implementing the global field support strategy; it was vital to continue enhancing the quality and efficiency of the services provided to peacekeeping operations through that strategy, which would ultimately also improve the efficiency and effectiveness of the Organization's use of resources. The actions and recommendations identified by the Advisory Committee and the Board of Auditors appeared highly relevant in that regard.

32. The elimination of sexual exploitation and abuse by United Nations personnel in the field remained a central concern. His delegation condemned all acts of exploitation and abuse and related offences, and reiterated its commitment to the zero-tolerance policy and the programmes and initiatives developed to prevent such abuses.

33. Lastly, his delegation understood the reluctance of some delegations to discuss matters that were not on the Committee's agenda for the current session, particularly the issue of troop cost reimbursement rates. However, it was also aware of the review of methodology currently being conducted pursuant to General Assembly resolution 63/285 and believed that, in order for the discussion to move forward, all relevant elements must be taken into account. It was therefore open to considering the issue, since flexibility should be shown by all stakeholders; the Organization's important work in that area must not be jeopardized.

34. **Ms. Takahashi** (Norway) said that, although United Nations peacekeeping was in a period of consolidation, overall demand for peacekeeping operations remained high. Her delegation agreed with the Advisory Committee that the more stable level of peacekeeping activity should allow for an intensified focus on effectiveness and cost-efficiency. Her delegation also shared the Advisory Committee's view on the need for comprehensive information on ongoing initiatives and supported its call for comprehensive reporting in respect of peacekeeping operations.

35. Recalling her Government's support for peacebuilding and system-wide coherence, she said that her delegation welcomed the focus on the challenges encountered in the transition from peacekeeping to peacebuilding. In that connection, it was important to bring to Member States' attention, not only in the context of the Fifth Committee but also in the governing bodies of the specialized agencies, funds and programmes, the factors that impeded the Organization's ability to function coherently and deliver on its mandates.

36. With regard to the global field support strategy, it was important to ensure that support packages could be easily adapted to the situation in each country and that procedures were not overly bureaucratic or cumbersome. Member States must also address shortfalls in support services that occurred when peacekeeping missions were winding down or transitioning to peacebuilding.

37. Her delegation noted with satisfaction that special measures for protection from sexual exploitation and abuse appeared to be having a positive effect. It welcomed the progress made in that regard and urged the Organization to continue assigning high priority to that issue.

38. **Mr. Brant** (Brazil) said that he fully supported the statements made by the representatives of Chile and Uruguay. Like all other Member States, troop-contributing countries, in particular those that were developing countries, were currently facing financial constraints. Recalling that it had been some time since troop cost reimbursements had last been reviewed, he said that the current situation was seriously jeopardizing the ability of troop-contributing countries to continue participating in peacekeeping operations. His delegation believed that it was vital to approve an increase in the reimbursement rate; maintaining the status quo was not an option, given the importance of peacekeeping to all Member States.

Agenda item 127: Financial reports and audited financial statements, and reports of the Board of Auditors (*continued*) (A/65/5 (Vol. II), A/65/719 and A/65/782)

39. **Mr. Liu** Yu (Chairman, Audit Operations Committee, United Nations Board of Auditors), introducing the Board of Auditors report on the United Nations peacekeeping operations for the 12-month period from 1 July 2009 to 30 June 2010 (A/65/5 (Vol. II)), said that the audit had been conducted in conformity with the International Standards on Auditing, which had been reissued with effect for accounting periods beginning on or after 15 December 2009. Although they were not mandatory, the Board

had chosen to apply the revised standards in forming the audit opinion on the United Nations peacekeeping operations for 2009/10. The Board had issued an unmodified audit opinion on the financial statements for the period under review. However, without qualifying its opinion, the Board had also drawn attention to deficiencies in the controls over expendable and non-expendable property.

40. Although there had been improvements in the physical verification of expendable and non-expendable property in the various missions, the Administration could not afford to be complacent given the high inherent risks to effective financial control and management in peacekeeping operations and the level of improvement that was still needed to tackle the weaknesses and concerns raised by the Board. Further efforts were needed to improve the custody and stewardship of assets and to ensure that accurate records were maintained.

41. The implementation by the Secretariat of the Umoja enterprise resource planning system and, in 2014, of the International Public Sector Accounting Standards (IPSAS) would bring about significant changes in asset stewardship. However, those initiatives would not remove the need for improved asset stewardship, nor would they diminish the importance of achieving good value for money by reducing unnecessary procurement associated with weak asset management.

42. The Board had noted weaknesses in the creation of unliquidated obligations in missions, and had identified approximately $26 million in obligations that did not meet the criteria for the creation of obligations. It had also noted the high level of unliquidated obligations raised towards the end of the period under review, which might indicate not only inadequate in-year budget management, but also a risk that missions were creating unliquidated obligations to reserve current-year funds for application in the following year. The Board was further concerned by the high incidence of cancellations of unliquidated obligations.

43. The level of resources required for the financing of the support account had continuously increased over the years, from $60 million in 2000/01 to $323 million in 2009/10. The Board's analysis and review of the support account indicated that specific criteria for the funding of posts by the support account had not been clear, nor had the justification for those posts been supported by workload statistics.

44. The Board had continued to observe deficiencies in the procurement and contract management processes in 2009/10, including a particularly high-risk case in the African Union-United Nations Hybrid Operation in Darfur (UNAMID).

45. High vacancy rates continued to be an issue. At several missions, some posts had remained vacant for long periods of time without any recruitment action. In one case, the delay had been approximately 10 years. Such extended vacancies might indicate that the posts were no longer required.

46. The peacekeeping operations were following the same timetable for the implementation of IPSAS as the United Nations Secretariat. However, given the scale and value of their activities, the Board was of the view that due consideration should be given, both at Headquarters and in the missions, to the distinctive needs of the peacekeeping operations in relation to IPSAS. The Board would report to the General Assembly on the progress made by the main United Nations entities towards implementation of IPSAS at the start of the Assembly's sixty-sixth session.

47. The Board's audit had already yielded some positive results: the Administration had cancelled more than $26 million in unliquidated obligations; many vacant posts had been abolished, including 104 posts in the United Nations Interim Force in Lebanon; UNAMID had reduced its air operations by two aircraft and had reduced the number of vehicles in its 2011/12 budget; and the Office of Internal Oversight Services (OIOS) had been requested to investigate the high-risk procurement case in UNAMID.

48. **Mr. Baez** (Chief, Policy and Oversight Coordination Service), introducing the Secretary-General's report on implementation of the recommendations of the Board of Auditors concerning United Nations peacekeeping operations for the financial period ended 30 June 2010 (A/65/719), said that the report showed the status of implementation of the Board's recommendations, the office responsible, the estimated completion date and the priority accorded to each recommendation. The rate of implementation of those recommendations had improved from 40 per cent in 2007/08 to 44 per cent in 2008/09. At the time of publication of the Board's report, the implementation rate had been 63 per cent.

49. While the Secretariat had been pleased with the improvement, it agreed with the Board that it could not afford to be complacent. The Secretary-General would therefore continue his efforts to ensure timely implementation of all accepted recommendations issued by the Board and all oversight bodies.

50. **Mr. Kelapile** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's related report (A/65/782), said that the Advisory Committee commended the Board of Auditors for the continued high quality of the Board's report and welcomed its timely submission during the early part of the Advisory Committee's session. It also welcomed the timely submission by the Secretary-General of his report on the implementation of the Board's recommendations.

51. Recalling the Board's conclusion that the financial and administrative management of peacekeeping operations had improved since the previous period, he said the Advisory Committee expected that the trend would be sustained in forthcoming financial periods.

52. Although the Board had issued an unmodified audit opinion on the financial statements for the period 2009/10, the Advisory Committee noted that the Board had highlighted expendable and non-expendable property as areas of concern. The Advisory Committee shared that concern, particularly in view of the IPSAS requirement that such property should be fully disclosed.

53. The Advisory Committee expected that senior management would make every effort to ensure that the requirements under the new standards were fully met. While the new enterprise resource planning system was generally expected to remedy most of the asset management deficiencies, the introduction of a new information technology system would not, by itself, resolve accountability issues if systemic shortcomings were allowed to persist.

54. The Advisory Committee was deeply concerned about the systemic shortcomings identified by the Board over the course of several financial periods, as well as recurring and interrelated problems. Given the level of resources invested in peacekeeping operations, the chronic deficiencies in the management and administration of those operations, as reported by the Board, exposed the Organization to an unnecessary level of financial risk. The Advisory Committee therefore urged greater managerial action in response to the shortcomings identified by the Board.

55. Another source of concern was that the findings on results-based budgeting by the Board and other oversight bodies had made little or no impact on how the results-based budgeting framework was presented and implemented. Given the limited progress that had been made since the inception of the results-based budgeting framework in 2001, and its role in the budgetary review process, the Advisory Committee was of the view that the framework's feasibility, in particular for peacekeeping operations, needed to be thoroughly assessed. In that connection, it looked forward to the proposals resulting from the work of the Results-based Management Task Force, which were to be presented to the General Assembly at its sixty-sixth session.

56. The Board had expressed a willingness to conduct performance audits, which, in its view, would enhance the audit service provided to the General Assembly and the Administration. In view of the further consultations that the Board was currently undertaking, and subject to guidance from the General Assembly, the Advisory Committee would review the matter at the appropriate time, should a formal proposal arise from those consultations.

57. **Mr. Di Luca** (Argentina), speaking on behalf of the Group of 77 and China, said that the Group noted with satisfaction that there had been an improvement in the financial and administrative management of peacekeeping operations. It trusted that the trend would be sustained in forthcoming financial periods. Particular attention should be paid to systemic shortcomings, as well as recurring and interrelated problems, such as the low rate of implementation of the Board's recommendations and deficiencies in the management and administration of peacekeeping operations.

58. The Group stressed the importance of implementing the Board's recommendations fully, promptly and efficiently. The Secretariat should take practical measures to set the time frame and priorities for the implementation of those recommendations and to hold managers accountable. The Secretariat should also identify the root causes of recurrent issues and minimize the ageing of recommendations. In that connection, the Group was concerned to note that,

although there had been a slight improvement in the period 2008/09, the implementation rate remained less than 50 per cent.

59. While the Board had found some improvement in respect of expendable and non-expendable property in the various missions, its long-standing concerns had not been adequately addressed. The Group concurred with the Board that the Administration needed to further strengthen controls over such property and address the causes of the deficiencies identified. His delegation would welcome further clarification from the Secretariat regarding its assertion that disclosure of expendable property required considerable administrative resources in order to attain, maintain and validate underlying data. The Group also agreed with the Advisory Committee that the introduction of an enterprise resource planning system would not, by itself, resolve related accountability issues.

60. The Group was concerned about the large amount of unliquidated obligations in missions and the practice of creating such obligations towards the end of the financial period. The Administration should strengthen budget control and management in order to avoid such practices in future.

61. With regard to IPSAS, the Group agreed with the Board that due consideration should be given to the distinctive needs of peacekeeping operations. His delegation would welcome further information on plans and preparations for the implementation of IPSAS. Production by the Administration of annual, instead of biennial, financial statements under IPSAS would have an impact on the resource requirements of the Board, which would then be required to conduct annual financial audits. Therefore, the role and the resources of the Board should be considered in advance of the planned implementation of IPSAS in 2014.

62. The Group appreciated the Advisory Committee's comments on the global field support strategy and looked forward to receiving the Board's comments and recommendations on that issue in a future report.

63. Lastly, the Group noted with interest that the Board had expressed a willingness to conduct performance audits, which, in the Board's view, would enhance the audit service provided to the General Assembly and the Administration.

64. **Ms. Reich** (Hungary), speaking on behalf of the European Union; the candidate countries Croatia, Montenegro and the former Yugoslav Republic of Macedonia; the stabilization and association process countries Albania and Bosnia and Herzegovina; and, in addition, Georgia, Liechtenstein, the Republic of Moldova and Ukraine, said that despite the improvement in the financial and administrative management of peacekeeping operations, the European Union shared the Advisory Committee's deep concerns about systemic shortcomings and recurring problems. The European Union also shared the Board's concern about the lack of a proper response to deficiencies in the controls over expendable and non-expendable property. The Organization should take measures to strengthen asset management and ensure that adequate safeguards were in place to prevent waste and financial loss.

65. The recurrence of problems previously identified by the Board and the persistent failure to implement its recommendations were a matter of concern, as were weaknesses in the creation of unliquidated obligations in missions and the high incidence of cancellation of such obligations, as well as the ongoing deficiencies in the procurement and contract management processes.

66. The European Union was disturbed by the recurrence of human resource-related recommendations and shared the Board's concern about the high vacancy rates in peacekeeping missions. The long-standing vacancies in certain missions were a clear indication that the relevant posts were no longer needed. The proposed budgets for those missions should reflect actual personnel needs.

67. The European Union was concerned to note that, in the period 2009/10, assessed contributions receivable outstanding for more than two years had represented 41 per cent of total assessed contributions receivable, an increase of 2 per cent over the previous period. In order for peacekeeping operations to fulfil their mandates effectively, it was vital that Member States should pay their assessed contributions in full, on time and without conditions.

68. **Mr. Yamada** (Japan) said that his delegation shared the concern of the Board and the Advisory Committee regarding the recurrence of certain issues and recommendations. It trusted that the Secretariat would continue its efforts to address those issues and implement those recommendations, thus avoiding their recurrence in future audits.

69. Recalling General Assembly resolution 64/268, in which the Secretary-General was requested to indicate an expected time frame for the implementation of the Board's recommendations and the priorities for their implementation, he said that his delegation wished to receive a full explanation of the delays in the implementation of all outstanding recommendations of the Board. It looked forward to learning the root causes of recurring problems and the remedies the Secretariat proposed, as well as the interim measures that had been taken to implement outstanding recommendations.

70. The Secretary-General should explain the deficiencies in controls over expendable and non-expendable property and the challenges faced in managing strategic deployment stocks. In particular, his delegation wished to know why the Administration did not agree with the Board's recommendation on full and complete physical verification of non-expendable property. His delegation also noted with concern that missions had procured items that were available in strategic deployment stocks.

71. His delegation would welcome a detailed explanation from the Secretariat on how it intended to address unliquidated obligations, which had amounted to $1.38 billion as at 30 June 2010, and the high level of unliquidated obligations raised towards the end of the period under review.

72. The cancellation of unliquidated obligations was another source of concern for his delegation, as the practice seemed intended to create an unbudgeted reserve for the Secretariat. The high level of cancellations also raised questions about the correctness of the amounts initially budgeted. His delegation looked forward to discussing the issue, with a view to minimizing the level of cancellations in future periods.

73. Lastly, his delegation was concerned about several procurement issues, including, inter alia, the Administration's refusal to accept the Board's recommendation that it should ensure strict compliance by all missions with the requirements of the Procurement Manual relating to minimum time frames. It was also concerned about the increase in the number of ex post facto cases submitted to the Headquarters Committee on Contracts, in particular the two contracts, valued at $103 million, that had been awarded by UNAMID to two vendors without documented justification for the acceptance of a bid that had been submitted after the tender closing date. In that connection, his delegation looked forward to learning the results of the OIOS review of the manner in which the two contracts had been awarded.

The meeting rose at noon.